

Texas Administrative Code

TITLE 34	PUBLIC FINANCE
PART 1	COMPTROLLER OF PUBLIC ACCOUNTS
CHAPTER 5	FUNDS MANAGEMENT (FISCAL AFFAIRS)
SUBCHAPTER D	CLAIMS PROCESSING--PAYROLL
RULE §5.48	Deductions for Contributions to Charitable Organizations

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Campaign coordinator--The state employee who has volunteered and been designated by the chief administrator of a state agency to coordinate the state employee charitable campaign for that agency.
- (2) Campaign material--A logo identifying the state employee charitable campaign, a campaign slogan, a campaign film, a campaign donor brochure, a donor authorization form, and other materials as approved by the state policy committee.
- (3) Campaign year--For salary or wages paid once each month, the payroll periods from December 1st through November 30th. For salary or wages paid twice each month, the payroll periods from December 16th through December 15th. For salary or wages paid every other week by a state agency that is not an institution of higher education, the 26 consecutive payroll periods beginning with the period that corresponds to the payment of salary or wages occurring on or closest to, but not after, December 31st. For salary or wages paid every other week by an institution of higher education, the 26 consecutive payroll periods beginning with the period designated by the institution if the period is entirely within December.
- (4) Charitable organization--Has the meaning assigned by the Government Code, §659.131.
- (5) Comptroller--The comptroller of public accounts for the State of Texas.
- (6) Comptroller's electronic funds transfer system--The system authorized by the Government Code, §403.016, that the comptroller uses to initiate payments instead of issuing warrants.
- (7) Deduction--The amount subtracted from a state employee's salary or wages to make a contribution to a local campaign manager or a statewide federation or fund that has been assigned a payee identification number by the comptroller.
- (8) Designated representative--A state employee volunteer or other individual named by a local campaign manager or a statewide federation or fund as its representative.
- (9) Direct services--Has the meaning assigned by the Government Code, §659.131.
- (10) Eligible charitable organization--A charitable organization that is determined to be eligible to participate in the state employee charitable campaign as provided by this section and the Government Code, §659.146.
- (11) Eligible local charitable organization--A local charitable organization that has been approved for local participation in the state employee charitable campaign.
- (12) Employer--A state agency that employs at least one state employee.

- (13) Federated community campaign organization--Has the meaning assigned by the Government Code, §659.131.
- (14) Federation or fund--Has the meaning assigned by the Government Code, §659.131.
- (15) Generic campaign materials --Campaign materials that have not been modified to reflect a particular local campaign area's participants or a local employee committee.
- (16) Health and human services--Has the meaning assigned by the Government Code, 659.131.
- (17) Holiday--A state or national holiday as specified by the Government Code, §662.003. The term does not include a state or national holiday if the General Appropriations Act prohibits state agencies from observing the holiday.
- (18) Include--A term of enlargement and not of limitation or exclusive enumeration. The use of the term does not create a presumption that components not expressed are excluded.
- (19) Indirect services--Has the meaning assigned by the Government Code, §659.131.
- (20) Institution of higher education--Has the meaning assigned by the Education Code, 61.003. The term does not include a public junior college that has decided not to participate in the state employee charitable contribution program in accordance with subsection (x) of this section.
- (21) Local campaign area--Has the meaning assigned by the Government Code, §659.131.
- (22) Local campaign manager--A federated community campaign organization or a charitable organization that is selected by a local employee committee as provided by this section and the Government Code, §659.144.
- (23) Local campaign materials --Campaign materials that have been modified to reflect a particular local campaign area's participants and the local employee committee for the area if the state policy committee has approved the modifications, and additional materials that the state policy committee has approved because they are based on and consistent with the campaign materials approved by the committee.
- (24) Local charitable organization--Has the meaning assigned by the Government Code, §659.131.
- (25) Local employee committee--Has the meaning assigned by the Government Code, §659.131.
- (26) May not--A prohibition. The term does not mean "might not" or its equivalents.
- (27) Payee identification number--The 14-digit number that the comptroller assigns to each direct recipient of a payment made by the comptroller for the State of Texas.
- (28) Public junior college--Has the meaning assigned by the Education Code, §61.003. The term includes a community college.
- (29) Salary or wages--Base salary or wages, longevity pay, or hazardous duty pay.
- (30) State advisory committee--Has the meaning assigned by the Government Code, §659.131.
- (31) State agency--Has the meaning assigned by the Government Code, §659.131.
- (32) State campaign manager--A federated community campaign organization or a charitable organization that is selected by the state policy committee as provided by this section to coordinate state employee charitable campaign operations with local campaign managers.

(33) State employee--An employee of a state agency. The term does not include an employee of a public junior college that is not participating in the state employee charitable contribution program in accordance with subsection (x) of this section.

(34) State employee charitable campaign--Has the meaning assigned by the Government Code, §659.131.

(35) State employee charitable contribution program--The charitable deduction program authorized by the Government Code, Chapter 659, Subchapter D (exclusive of the deductions authorized by the Government Code, §659.1311(b)-(c)).

(36) State policy committee--Has the meaning assigned by the Government Code, §659.131.

(37) Statewide federation or fund--A federation or fund that has been approved for statewide participation in the state employee charitable campaign.

(38) Uniform statewide payroll/personnel system--A system in which uniform statewide payroll procedures are followed.

(39) Workday--A calendar day other than Saturday, Sunday, or a holiday.

(b) Deductions.

(1) Authorization of deductions.

(A) A state employee who is not employed by an institution of higher education may authorize not more than three monthly deductions from the employee's salary or wages.

(B) A state employee who is employed by an institution of higher education may authorize not more than three monthly deductions from the employee's salary or wages, if the institution has not specified a higher maximum number of deductions that its employees may authorize. If the institution has specified a higher maximum number, then the employee may authorize not more than that number.

(C) A state employee may authorize only one deduction to any particular statewide federation or fund or local campaign manager.

(D) A state employee may authorize a deduction only if the employee:
(i) properly completes an authorization form; and
(ii) submits the form to a designated representative of the statewide federation or fund or the local campaign manager to which the deduction will be paid.

(E) Except as provided in this subparagraph, a state employee may authorize a deduction only during a state employee charitable campaign.

(i) State law says that a state agency, other than an institution of higher education, is not required to permit its state employees to authorize a deduction until the first full payroll period after the agency is converted to the uniform statewide payroll/personnel system. A state agency covered by that law shall permit its state employees to authorize deductions so that they are effective not later than the first full payroll period after conversion of the agency. Those authorizations may be made even if a state employee charitable campaign is not occurring when the authorizations are made.

(ii) A state employee who begins employment with the state may authorize a deduction if the employee's employer receives the employee's properly completed authorization form not later than the 30th day after the employee's first day of employment with the agency. A new state employee may authorize a

deduction even if a state employee charitable campaign is not occurring when the employment begins or the form is provided. This clause does not apply to a state employee who transfers from one state agency to a second state agency.

(F) Neither the comptroller nor a state agency is liable or responsible for any damages or other consequences resulting from a state employee authorizing an incorrect amount of a deduction.

(2) Minimum amount of deductions. If a state employee authorizes a deduction, the minimum amount of the deduction is two dollars per month. This minimum applies to each deduction authorized by the employee. For example, if the employee authorizes two deductions, then the amount of each of those deductions must be at least two dollars per month.

(3) Changes in the amount of deductions.

(A) At any time during a campaign year, a state employee may authorize a change in the amount to be deducted from the employee's salary or wages during that year.

(B) A state employee may authorize a change only by submitting a written authorization to the employee's employer. The authorization may be a properly completed authorization form or another type of written communication that complies with subparagraph (C) of this paragraph.

(C) To be valid, a written communication, other than an authorization form, that a state employee submits for the purpose of authorizing a change must specify or contain:

- (i) the employee's name and social security number;
- (ii) the name of the employee's employer;
- (iii) the six-digit code number of the charity for which the change is being authorized or, if the number is unknown, the charity's name;
- (iv) the new amount to be deducted;
- (v) the effective date of the change; and
- (vi) the employee's original signature.

(D) A state employee may not change the statewide federation or fund or the local campaign manager that receives deducted amounts if the change would be provided outside the time a state employee charitable campaign is being conducted.

(E) A state employee may not change the eligible charitable organizations designated to receive deducted amounts paid to a statewide federation or fund if the change would be provided outside the time a state employee charitable campaign is being conducted.

(F) A state employee may not change the eligible local charitable organizations designated to receive deducted amounts paid to a local campaign manager if the change would be provided outside the time a state employee charitable campaign is being conducted.

(4) Sufficiency of salary or wages to support a deduction.

(A) A state employee is solely responsible for ensuring that the employee's salary or wages are sufficient to support a deduction.

(B) If a state employee's salary or wages are sufficient to support only part of a deduction, then no part of the deduction may be made.

(C) If a state employee has multiple deductions and the employee's salary or wages are insufficient to support all the deductions, then none of the deductions may be made.

(D) The amount that may not be deducted from a state employee's salary or wages because they are insufficient to support the deduction may not be made up by deducting the amount from subsequent payments of salary or wages.

(5) Timing of deductions.

(A) Except as provided in subparagraph (B) of this paragraph, a deduction may be made only from the salary or wages that are paid on the first workday of a month.

(B) If a state employee is not entitled to receive a payment of salary or wages on the first workday of a month, then the employee's employer may designate the payment of salary or wages during the month from which a deduction will be made. A deduction may be made only once each month.

(6) Cancellation of deductions.

(A) A state employee may cancel a deduction at any time by submitting a written cancellation notice to the employee's employer. The notice may be a properly completed authorization form or another type of written communication that complies with subparagraph (B) of this paragraph.

(B) To be valid, a written communication, other than an authorization form, that a state employee submits for the purpose of canceling a deduction must specify or contain:

- (i) the employee's name and social security number;
- (ii) the name of the employee's employer;
- (iii) the six-digit code number of the charity for which the cancellation is being made or, if the number is unknown, the charity's name;
- (iv) the amount of the deduction to be canceled;
- (v) the effective date of the cancellation; and
- (vi) the employee's original signature.

(7) Interagency transfers of state employees.

(A) A deduction that started while a state employee was employed by a state agency may resume after the employee transfers to a second state agency only if:

- (i) the employee requests a copy of the employee's authorization form from the first state agency and submits the copy to the second state agency;
- (ii) the employee properly completes and submits an additional authorization form to the second state agency, if the agency requires submission of the form; and
- (iii) the second state agency receives the copy of the employee's authorization form and the additional authorization form, if required, not later than the 30th day after the employee's first day of employment by the second state agency.

(B) A deduction that may resume under subparagraph (A) of this paragraph shall become effective at the second state agency not later than with the salary and wages paid on the first workday of the second month following the later of:

- (i) the month in which the agency receives the copy of the authorization form to which subparagraph (A)(i) of this paragraph refers; or
- (ii) the month in which the agency receives the additional authorization form, if the agency requires submission of the form.

(C) This subparagraph applies only if a state agency requires an additional authorization form to be submitted under subparagraph (A)(ii) of this paragraph. The statewide federation or fund or the local campaign manager named on the form must be the same as that named on the original authorization form. The additional authorization form may not

make any changes other than those that a state employee who has not changed employers may make after a state employee charitable campaign has ended.

(c) Designation of charitable organizations to receive deducted amounts.

(1) Receiving deducted amounts through local campaign managers.

(A) This subparagraph applies to a state employee only if not employed by an institution of higher education. A state employee's authorization of a deduction to a local campaign manager may designate not more than nine eligible local charitable organizations to receive the deducted amounts through the manager.

(B) This subparagraph applies to a state employee only if employed by an institution of higher education. A state employee's authorization of a deduction to a local campaign manager may designate one or more eligible local charitable organizations to receive the employee's deducted amounts through the manager. The employee may designate not more than nine organizations if the employing institution of higher education has not specified a higher maximum number of designations that its employees may make. If the institution has specified a higher maximum number, then the employee may designate not more than that number.

(C) If a state employee's authorization of a deduction to a local campaign manager designates only one eligible local charitable organization, then the organization's designated initial distribution amount with respect to the employee is equal to the employee's entire deduction to the local campaign manager.

(D) If a state employee's authorization of a deduction to a local campaign manager designates more than one eligible local charitable organization, then the designation is valid only if it specifies the designated initial distribution amount for each organization.

(E) If an eligible local charitable organization that a state employee designates under subparagraph (A) or (B) of this paragraph is a federation or fund, then the federation or fund shall distribute the deducted amounts it receives to its affiliated eligible charitable organizations according to its policy.

(F) This subparagraph applies if a state employee's authorization of a deduction to a local campaign manager does not contain a valid designation. The undesignated initial distribution amounts with respect to the employee for eligible local charitable organizations and statewide federations or funds shall be determined according to this subparagraph.

(i) Only an eligible local charitable organization that has been approved to participate in the local campaign area may have an undesignated initial distribution amount. Only a statewide federation or fund to which state employees in the local campaign area have authorized deductions may have an undesignated initial distribution amount.

(ii) The undesignated initial distribution amount for an eligible local charitable organization is equal to the distribution percentage for the organization multiplied by the amount of the employee's deduction authorization to the local campaign manager. The distribution percentage is equal to the organization's total designated initial distribution amount as determined or specified under subparagraphs (C) and (D) of this paragraph for all state employees in the local campaign area divided by the sum of:

(I) the total designated initial distribution amount for all eligible local charitable organizations in the local campaign area as determined or specified under subparagraphs (C) and (D) of this paragraph; and

(II) the total amount of deductions authorized to statewide federations or funds by state employees in the local campaign area.

(iii) The undesignated initial distribution amount for a statewide federation or fund is equal to the distribution percentage for the federation or fund multiplied by the amount of the employee's deduction authorization to the local campaign manager. The distribution percentage is equal to the total amount of deductions authorized to the federation or fund by state employees in the local campaign area divided by the sum of:

- (I) the total designated initial distribution amount for all eligible local charitable organizations in the local campaign area as determined or specified under subparagraphs (C) and (D) of this paragraph; and
- (II) the total amount of deductions authorized to statewide federations or funds by state employees in the local campaign area.

(G) The following example illustrates the calculation of undesignated initial distribution amounts according to subparagraph (F) of this paragraph.

(i) The following assumptions apply in this example.

(I) State employees in the Austin local campaign area have authorized \$15,000 in deductions to the Austin local campaign manager. Of that amount, state employees have designated \$10,000 for distribution to the following eligible local charitable organizations. Organization 1 has been designated to receive \$5,000. Organization 2 has been designated to receive \$3,000. And Organization 3 has been designated to receive \$2,000.

(II) Of the \$15,000 in authorized deductions to the Austin local campaign manager, \$5,000 is undesignated.

(III) State employees in the Austin local campaign area have authorized total deductions of \$10,000 to the following statewide federations or funds. Organizations 4 and 5 have each been authorized to receive \$5,000.

(ii) The calculation of undesignated initial distribution amounts in this subparagraph relates only to the \$5,000 in undesignated deductions to the Austin local campaign manager. This is because an eligible local charitable organization or a statewide federation or fund has an undesignated initial distribution amount only with respect to undesignated deductions.

(iii) The first step is to determine the designated initial distribution amount for each eligible local charitable organization listed in clause (i)(I) of this subparagraph. That amount for each organization is the total amount of deductions that state employees have designated to the organization. Therefore, the designated initial distribution amount for Organization 1 is \$5,000, Organization 2 is \$3,000, and Organization 3 is \$2,000.

(iv) The second step is to determine the distribution percentage for each eligible local charitable organization listed in clause (i)(I) of this subparagraph. The distribution percentage must be determined according to subparagraph (F)(ii) of this paragraph. The distribution percentage for each organization is as follows:

- (I) Organization 1--25%;
- (II) Organization 2--15%;
- (III) Organization 3--10%.

(v) The third step is to determine the distribution percentage for each statewide federation or fund listed in clause (i)(III) of this subparagraph. The distribution percentage must be determined according to subparagraph (F)(iii) of this paragraph. The distribution percentage for each federation or fund is as follows:

- (I) Organization 4--25%;
- (II) Organization 5--25%.

(vi) The fourth step is to determine the undesignated initial distribution amount for each eligible local charitable organization listed in clause (i)(I) of this

subparagraph. The amount must be determined by multiplying the organization's distribution percentage by the amount of undesignated deductions to the Austin local campaign manager. The amount for each organization is as follows:

(I) Organization 1--\$1,250;

(II) Organization 2--\$750;

(III) Organization 3--\$500.

(vii) The fifth and final step is to determine the undesignated initial distribution amount for each statewide federation or fund listed in clause (i)(III) of this subparagraph. The amount must be determined by multiplying the federation or fund's distribution percentage by the amount of undesignated deductions to the Austin local campaign manager. The amount for each organization is as follows:

(I) Organization 4--\$1,250;

(II) Organization 5--\$1,250.

(H) Notwithstanding anything in this paragraph, a local campaign manager shall distribute deducted amounts to an eligible local charitable organization or a statewide federation or fund according to the percentage method required by subsection (j) of this section. A designated or undesignated initial distribution amount specified or determined under this paragraph is only the starting point for calculating the amount to be distributed.

(2) Receiving deducted amounts through statewide federations or funds.

(A) This subparagraph applies to a state employee only if not employed by an institution of higher education. A state employee's authorization of a deduction to a statewide federation or fund may designate not more than nine eligible charitable organizations to receive the deducted amounts through the federation or fund.

(B) This subparagraph applies to a state employee only if employed by an institution of higher education. A state employee's authorization of a deduction to a statewide federation or fund may designate one or more eligible charitable organizations to receive the employee's deducted amounts through the federation or fund. The employee may designate not more than nine organizations if the employing institution of higher education has not specified a higher maximum number of designations that its employees may make. If the institution has specified a higher maximum number, then the employee may designate not more than that number.

(C) If a state employee's authorization of a deduction to a statewide federation or fund designates only one eligible charitable organization, then the organization's designated initial distribution amount with respect to the employee is equal to the employee's entire deduction to the statewide federation or fund.

(D) If a state employee's authorization of a deduction to a statewide federation or fund designates more than one eligible charitable organization, then the designation is valid only if it specifies the designated initial distribution amount for each organization.

(E) This subparagraph applies if a state employee's authorization of a deduction to a statewide federation or fund does not contain a valid designation. The statewide federation or fund shall determine the undesignated initial distribution amount with respect to the employee for each eligible charitable organization affiliated with the federation or fund. The determination must be accomplished according to the federation or fund's policy.

(F) Notwithstanding anything in this paragraph, a statewide federation or fund shall distribute deducted amounts to an eligible charitable organization according to the percentage method required by subsection (k) of this section. A designated or

undesignated initial distribution amount specified or determined under this paragraph is only the starting point for calculating the amount to be distributed.

(d) State employee charitable campaign.

(1) Time of the state employee charitable campaign. The state employee charitable campaign shall be conducted annually during the period after August 31st and before November 1st.

(2) Reimbursement of expenses incurred by state employees while representing charitable organizations. A state agency may not reimburse a state employee for expenses incurred while acting as a representative of a charitable organization.

(3) Participation by state employees. Participation by a state employee in the state employee charitable campaign is voluntary.

(e) Effective dates of authorization forms.

(1) Effective date of authorization forms provided during a state employee charitable campaign. A state employee's authorization form that is provided during a state employee charitable campaign is effective for the following campaign year if the form is completed properly, the form is signed by the employee, and the employee's employer receives the properly completed and signed form not later than November 15th before the start of that year. The deductions may not start before the beginning of that year.

(2) Effective date of authorization forms provided immediately after a state agency is converted to the uniform statewide payroll/personnel system. State law says that a state agency, other than an institution of higher education, is not required to permit its state employees to authorize a deduction until the first full payroll period after the agency is converted to the uniform statewide payroll/personnel system. A state agency covered by that law shall permit its employees to authorize deductions so that they are effective not later than the first full payroll period after conversion of the agency. To be effective by that date, a properly completed authorization form must be received by the agency not later than the tenth workday before the first day of the agency's first full monthly payroll period after conversion.

(3) Effective date of authorization forms provided by new state employees.

(A) Paragraph (1) of this subsection applies to a new state employee's authorization form if it:

- (i) is received by the employee's employer during a state employee charitable campaign; and
- (ii) authorizes a deduction to begin during the campaign year following the campaign year in which the form is received.

(B) This subparagraph applies to a new state employee's authorization form only if the form authorizes a deduction to begin during the same campaign year as the campaign year in which the employee's employer receives the form. The employer may decide when the deduction will take effect, subject to the following limitations.

- (i) Except as provided in clause (ii) of this subparagraph, the deduction must begin not later than with the employee's salary or wages that are paid on the first workday of the second month following the month in which the employer receives the form.
- (ii) If the employer receives the form during October or November, then the employer may decide whether and when to give effect to the form.

(4) Effective date of authorization forms that request changes in deductions.

(A) This paragraph applies only to a state employee's authorization form that requests a change to a deduction.

(B) The employer of the employee may decide when the change will take effect, subject to the following limitations.

(i) Except as provided in clause (ii) of this subparagraph, the change must take effect not later than with the employee's salary or wages that are paid on the first workday of the second month following the month in which the employer receives the form.

(ii) If the employer receives the form during October or November of a campaign year and the form requests a change in a deduction for the year, then the employer may decide whether and when to give effect to the form.

(C) The following example illustrates the requirements of this paragraph. Assume that a state agency receives an authorization form on July 2, 1994, and that the form requests a decrease in the amount of a deduction. The agency may make the decrease effective with the deduction that occurs on the August 1, 1994, salary payment. If the agency does not, then the agency must make the decrease effective with the deduction that occurs on the September 1, 1994, salary payment.

(5) Effective date of authorization forms that request cancellations of deductions.

(A) This paragraph applies only to a state employee's authorization form that requests the cancellation of a deduction.

(B) The employer of the employee may decide when the cancellation will take effect. The cancellation must take effect, however, not later than with the employee's salary or wages that are paid on the first workday of the second month following the month in which the employer receives the form.

(C) The following example illustrates the requirements of this paragraph. Assume that a state agency receives an authorization form on July 2, 1994, and that the form requests the cancellation of a deduction. The agency may make the cancellation effective with the August 1, 1994, salary payment. If the agency does not, then the agency must make the cancellation effective with the September 1, 1994, salary payment.

(f) Requirements for the content and format of authorization forms.

(1) Prohibition against distributing or providing authorization forms. A local campaign manager or a statewide federation or fund may distribute or provide an authorization form to a state employee only if both the comptroller and the state policy committee have approved the form.

(2) Requirement to produce authorization forms. A local campaign manager or a statewide federation or fund must produce an authorization form that complies with the comptroller's requirements and this section.

(3) Restrictions on approval of authorization forms. Neither the comptroller nor the state policy committee may approve the authorization form of a local campaign manager or a statewide federation or fund unless the form:

(A) is at least 8 1/2 inches wide and 11 inches long;

(B) states that statewide federations or funds and local campaign managers are required to use the percentage method to distribute a state employee's deducted amounts to eligible charitable organizations designated by the employee instead of matching deducted amounts received to actual designations;

(C) accurately describes the percentage method; and

(D) complies with the comptroller's requirements for format and substance.

(g) Procedure for federations or funds to apply for statewide participation.

(1) Request for statewide participation. A federation or fund may not be a statewide federation or fund unless the federation or fund applies to the state policy committee for that status in accordance with this section, the Government Code, §659.146, and the committee's procedures.

(2) Requirements for the application. The application of a federation or fund to be a statewide federation or fund must include:

(A) a letter from the presiding officer of the federation or fund's board of directors certifying compliance by the federation or fund and its affiliated agencies with the eligibility requirements of the Government Code, §659.146;

(B) a copy of a letter from each affiliate of the federation or fund certifying that the federation or fund serves as the affiliate's representative and fiscal agent in the state employee charitable campaign;

(C) a copy of the conflict of interest policy approved by the federation or fund's board of directors, which prohibits its board members, executive director, and staff from engaging in business transactions in which they have material conflicting interests;

(D) if the executive director of the federation or fund receives material compensation for services rendered to any organization other than the federation or fund, a full disclosure of:

- (i) the name of the organization;
- (ii) the nature and amount of the compensation; and
- (iii) the relationship of the organization to the federation or fund;

(E) a copy of the federation or fund's current operating budget, signed by the presiding officer of the federation or fund's board of directors; and

(F) an acknowledgment that the federation or fund is responsible for filing any appeals from its affiliated agencies that have not secured approval for statewide or local participation in the state employee charitable campaign.

(3) Notification of the comptroller. Upon approval of a federation or fund for statewide participation in the state employee charitable campaign, the state policy committee shall submit to the comptroller:

(A) the complete name of the federation or fund;

(B) the mailing address of the federation or fund;

(C) the full name, title, telephone number, and mailing address of the federation or fund's primary contact;

(D) the payee identification number of the federation or fund, when available; and

(E) the other information deemed necessary by the comptroller.

(4) Payee identification numbers. A federation or fund that has been approved for statewide participation and that does not have a payee identification number shall submit a request for one to the comptroller.

(5) Electronic funds transfers.

(A) A federation or fund that has been approved for statewide participation in the state employee charitable campaign shall submit a request to be paid by the comptroller through electronic funds transfers under rules adopted by the comptroller. This subparagraph applies only to the extent that the comptroller's electronic funds transfer system is used.

(B) A federation or fund that has been approved for statewide participation in the state employee charitable campaign shall submit a request to be paid by an institution of higher education through electronic funds transfers under rules or procedures adopted by the institution. This subparagraph applies only to the extent that the comptroller's electronic funds transfer system is not used.

(6) Beginning of deductions. The first payment of deducted amounts to a statewide federation or fund shall occur the first month of the first campaign year that begins after the federation or fund is approved for statewide participation in the state employee charitable campaign.

(h) Procedure for charitable organizations to apply for local participation.

(1) Request for local participation.

(A) A charitable organization may not be an eligible local charitable organization unless it applies to the appropriate local employee committee for that status in accordance with this section, the Government Code, §659.147, and the committee's procedures.

(B) A federation or fund that wants to be an eligible local charitable organization may apply on behalf of its affiliated agencies.

(2) Requirements for applications from federations or funds. If a charitable organization applying to be an eligible local charitable organization is a federation or fund, then the organization must provide to the appropriate local employee committee:

(A) a letter from the presiding officer of the federation or fund's board of directors certifying compliance by the federation or fund and its affiliated agencies with the eligibility requirements of the Government Code, §659.147;

(B) a copy of a letter from each affiliate of the federation or fund certifying that the federation or fund serves as the affiliate's representative and fiscal agent in the state employee charitable campaign;

(C) a copy of the conflict of interest policy approved by the federation or fund's board of directors, which prohibits its board members, executive director, and staff from engaging in business transactions in which they have material conflicting interests;

(D) if the executive director of the federation or fund receives material compensation for services rendered to any organization other than the federation or fund, a full disclosure of:

- (i) the name of the organization;
- (ii) the nature and amount of the compensation; and
- (iii) the relationship of the organization to the federation or fund;

(E) a copy of the federation or fund's current operating budget, signed by the presiding officer of the federation or fund's board of directors; and

(F) an acknowledgment that the federation or fund is responsible for filing any appeals from its affiliated agencies that have not secured approval for statewide or local participation in the state employee charitable campaign.

(3) Beginning of deductions. The first deduction to pay an eligible local charitable organization shall occur the first month of the first campaign year that begins after the charitable organization is approved for local participation in the state employee charitable campaign.

(i) Payments of deductions.

(1) Prohibited payments to eligible local charitable organizations.

(A) Neither the comptroller nor an institution of higher education may pay deducted amounts directly to an eligible local charitable organization.

(B) Except as otherwise provided in this subparagraph, deducted amounts shall be paid directly to the appropriate local campaign manager. If the eligible local charitable organization involved is an affiliate of a statewide federation or fund, then the deducted amounts shall be paid directly to the federation or fund.

(2) Payments by the comptroller through electronic funds transfers. If feasible, the comptroller shall pay deducted amounts to a local campaign manager or a statewide federation or fund by electronic funds transfer.

(3) Payments through warrants issued by the comptroller.

(A) This paragraph applies only if it is infeasible for the comptroller to pay deducted amounts by electronic funds transfer.

(B) The comptroller shall pay deducted amounts by warrant and make the warrant available for pick up by the state agency whose employees' deductions are being paid by the warrant.

(C) A state agency shall mail or hand deliver a warrant picked up under subparagraph (B) of this paragraph to the payee of the warrant.

(D) Except as provided in subparagraph (E) of this paragraph, the deadline for mailing or hand delivering a warrant is the tenth workday of the month following the month when the salary or wages from which the deductions are made were earned.

(E) This subparagraph applies only to a deduction that occurs after the tenth workday of the month following the month when the salary or wages from which the deduction is made were earned. The deadline for a state agency to mail or hand deliver a warrant to pay the deduction is the second workday after the agency receives the warrant.

(4) Payments by institutions of higher education.

(A) This paragraph applies to deducted amounts from the salary or wages of a state employee of an institution of higher education only if the comptroller does not pay those amounts directly to a local campaign manager or a statewide federation or fund.

(B) If feasible, an institution of higher education shall pay deducted amounts to a local campaign manager or a statewide federation or fund by electronic funds transfer.

(C) If it is infeasible for an institution of higher education to pay deducted amounts by electronic funds transfer, then the institution shall make the payment by check.

(D) This subparagraph applies only if an institution of higher education pays deducted amounts by check.

(i) This clause applies only to deductions from salary or wages that are paid on the first workday of a month. An institution of higher education shall mail or hand deliver its check to the payee of the check not later than the 10th workday of the month.

(ii) This clause applies only to deductions from salary or wages that are paid on a day other than the first workday of a month. An institution of higher education shall mail or hand deliver its check to the payee of the check not later than the 10th workday of the month following the month in which the salary or wages were earned.

(j) Distributions of deductions by local campaign managers.

(1) Requirement to use the percentage method. A local campaign manager shall use the percentage method to distribute deducted amounts to eligible local charitable organizations and statewide federations or funds.

(2) Description of the percentage method.

(A) Immediately after the end of a state employee charitable campaign, a local campaign manager shall calculate the contribution percentage for:

- (i) each eligible local charitable organization that has been approved to participate in the local campaign area under the manager's responsibility; and
- (ii) each statewide federation or fund to which state employees in the local campaign area have authorized deductions.

(B) The contribution percentage for an eligible local charitable organization is the ratio of:

- (i) the sum of:
 - (I) the organization's designated initial distribution amount with respect to all state employees in the local campaign area as determined under subsection (c)(1)(C)-(D) of this section; and
 - (II) the organization's undesignated initial distribution amount with respect to all state employees in the local campaign area as determined under subsection (c)(1)(F)(ii) of this section; to
- (ii) the total amount of deductions authorized to the local campaign manager on authorization forms completed during the campaign.

(C) The contribution percentage for a statewide federation or fund is the ratio of:

- (i) the federation or fund's undesignated initial distribution amount with respect to all state employees in the local campaign area as determined under subsection (c)(1)(F)(iii) of this section; to
- (ii) the total amount of deductions authorized to the local campaign manager on authorization forms completed during the campaign.

(D) The contribution percentage for an eligible local charitable organization or a statewide federation or fund may not be recalculated before the conclusion of the next state employee charitable campaign.

(E) The amount of deductions that a local campaign manager distributes to an eligible local charitable organization or a statewide federation or fund is equal to the product of:

- (i) the contribution percentage of the organization or federation or fund; and
- (ii) the total amount of deductions the manager is distributing.

(3) Example of the percentage method. This paragraph illustrates the percentage method described in paragraph (2) of this subsection.

(A) The following assumptions apply in this example.

- (i) Organization 1, an eligible local charitable organization, has a designated initial distribution amount of \$5,000 and an undesignated initial distribution amount of \$1,250.
- (ii) Organization 2, an eligible local charitable organization, has a designated initial distribution amount of \$3,000 and an undesignated initial distribution amount of \$750.
- (iii) Organization 3, an eligible local charitable organization, has a designated initial distribution amount of \$2,000 and an undesignated initial distribution amount of \$500.
- (iv) Organization 4, a statewide federation or fund, has an undesignated initial distribution amount of \$1,250.
- (v) Organization 5, a statewide federation or fund, has an undesignated initial distribution amount of \$1,250.
- (vi) The total amount of deductions authorized to the local campaign manager is \$15,000.
- (vii) The local campaign manager has actually received \$10,000 in deducted amounts.

(B) The first step is to calculate the contribution percentage for each organization according to paragraph (2)(B)-(C) of this subsection. The contribution percentage for each organization is as follows:

- (i) Organization 1--41.67%;
- (ii) Organization 2--25%;
- (iii) Organization 3--16.67%;
- (iv) Organization 4--8.33%;
- (v) Organization 5--8.33%.

(C) The second and final step is to calculate the amount that the local campaign manager distributes to each organization according to paragraph (2)(E) of this subsection. The amount for each organization is as follows:

- (i) Organization 1--\$4,167;
- (ii) Organization 2--\$2,500;
- (iii) Organization 3--\$1,667;
- (iv) Organization 4--\$833;
- (v) Organization 5--\$833.

(4) Prohibition of distributions until payment reports reconciled. A local campaign manager may not make a distribution before the manager reconciles the payment reports received from the comptroller or an institution of higher education with the payments received by electronic funds transfer or by warrant or check.

(5) Frequency of distributions. A local campaign manager shall make distributions quarterly or more frequently than quarterly.

(k) Distributions of deductions by statewide federations or funds.

(1) Requirement to use the percentage method. A statewide federation or fund shall use the percentage method to distribute deducted amounts to eligible charitable organizations.

(2) Description of the percentage method.

(A) Immediately after the end of a state employee charitable campaign, a statewide federation or fund shall calculate the contribution percentage for each eligible charitable organization that is an affiliate of the federation or fund.

(B) The contribution percentage for an eligible charitable organization is the ratio of:

(i) the sum of:

(I) the organization's designated initial distribution amount with respect to all state employees who have authorized deductions to the statewide federation or fund as determined under subsection (c)(2)(C)-(D) of this section; and

(II) the organization's undesignated initial distribution amount with respect to all state employees who have authorized deductions to the statewide federation or fund as determined under subsection (c)(2)(E) of this section; to

(ii) the total amount of deductions authorized to the statewide federation or fund on authorization forms completed during the campaign.

(C) The contribution percentage for an eligible charitable organization may not be recalculated before the conclusion of the next state employee charitable campaign.

(D) The amount of deductions that a statewide federation or fund distributes to an eligible charitable organization is equal to the product of:

(i) the contribution percentage of the organization; and

(ii) the total amount of deductions the federation or fund is distributing.

(3) Example of the percentage method. This paragraph illustrates the percentage method described in paragraph (2) of this subsection.

(A) The following assumptions apply in this example.

(i) Eligible charitable organization 1 has a designated initial distribution amount of \$5,000 and an undesignated initial distribution amount of \$1,250.

(ii) Eligible charitable organization 2 has a designated initial distribution amount of \$3,000 and an undesignated initial distribution amount of \$750.

(iii) Eligible charitable organization 3 has a designated initial distribution amount of \$2,000 and an undesignated initial distribution amount of \$500.

(iv) The total amount of deductions authorized to the statewide federation or fund is \$12,500.

(v) The statewide federation or fund has actually received \$10,000 in deducted amounts.

(B) The first step is to calculate the contribution percentage for each eligible charitable organization according to paragraph (2)(B) of this subsection. The contribution percentage for each organization is as follows:

(i) Organization 1--50%;

(ii) Organization 2--30%;

(iii) Organization 3--20%.

(C) The second and final step is to calculate the amount that the statewide federation or fund distributes to each organization according to paragraph (2)(D) of this subsection. The amount for each organization is as follows:

(i) Organization 1--\$5,000;

(ii) Organization 2--\$3,000;

(iii) Organization 3--\$2,000.

(4) Prohibition of distributions until payment reports reconciled. A statewide federation or fund may not make a distribution before the federation or fund reconciles the payment reports received

from the comptroller or an institution of higher education with the payments received by electronic funds transfer or by warrant or check.

(5) Frequency of distributions. A statewide federation or fund shall make distributions quarterly or more frequently than quarterly.

(l) Charging administrative fees to cover costs incurred to make deductions. The comptroller has determined that the costs which would be covered by the charging of an administrative fee to charitable organizations would be insignificant. Therefore, the comptroller has decided not to charge the fee.

(m) Refunding excessive payments of deductions.

(1) Authorization of refunds. If the amount of deductions paid to a local campaign manager or a statewide federation or fund exceeds the amount that should have been paid, then the excess may be refunded to the state agency on whose behalf the payment was made.

(2) Methods for accomplishing refunds. If a refund is authorized by paragraph (1) of this subsection, then the refund shall be accomplished by:

(A) the state agency on whose behalf the payment was made subtracting the amount of the refund from a subsequent payment of deductions to the local campaign manager or statewide federation or fund; or

(B) the local campaign manager or the statewide federation or fund issuing a check in the amount of the refund to the state agency on whose behalf the payment was made, if authorized by paragraph (3) of this subsection.

(3) Paying refunds by check. A local campaign manager or a statewide federation or fund may issue a refund check only if the payee of the check first submits a written request for the refund to be made by check.

(4) Deadline for paying refunds by check. This paragraph applies only if a local campaign manager or a statewide federation or fund is authorized by paragraph (3) of this subsection to make a refund by check. The local campaign manager or the statewide federation or fund shall ensure that the refund check is received by the payee not later than the 30th day after the date on which the written request for the refund to be made by check is received.

(n) Responsibilities of the state policy committee.

(1) Statutory responsibilities. The state policy committee shall fulfill its statutory responsibilities as set forth in the Government Code, Chapter 659, Subchapter H.

(2) Additional responsibilities. In addition to its statutory responsibilities, the state policy committee:

(A) shall establish an annual application, eligibility determination, and appeals period for statewide or local participation in the state employee charitable campaign;

(B) shall determine the eligibility of a federation or fund and its affiliated agencies for statewide participation in the state employee charitable campaign;

(C) shall review and resolve the appeals of entities not accepted for statewide or local participation in the state employee charitable campaign under procedures that comply with paragraph (3) of this subsection;

- (D) shall disqualify a federation or fund from statewide participation in the state employee charitable campaign if the committee determines that the federation or fund intentionally filed an application that contains false or misleading information;
- (E) shall establish penalties for non-compliance with this section by a statewide federation or fund, an eligible local charitable organization, the state campaign manager, or a local campaign manager;
- (F) shall establish procedures for the selection and oversight of the state campaign manager and local campaign managers;
- (G) shall select to act as the state campaign manager:
- (i) a federated community campaign organization in accordance with the criteria listed in paragraph (4) of this subsection, if any federated community campaign organization has applied to be the manager; or
 - (ii) a charitable organization in accordance with the criteria listed in paragraph (4) of this subsection, if no federated community campaign organization has applied to be the manager;
- (H) shall contract with the organization selected as the state campaign manager;
- (I) may establish policies and procedures for the operation and administration of the state employee charitable campaign, including policies and procedures about the hearing of any grievance concerning the operation and administration of the campaign;
- (J) shall consult with the state campaign manager and the state advisory committee before approving the campaign plan, budget, and materials;
- (K) may not approve campaign materials if:
- (i) they do not state that statewide federations or funds may or may not provide services in all local campaign areas;
 - (ii) they list a charitable organization as both a statewide federation or fund and an eligible local charitable organization;
 - (iii) they list a charitable organization as an affiliate of two or more statewide federations or funds unless the organization serves separate and distinct populations as part of each statewide federation or fund;
 - (iv) they list similarly named eligible local charitable organizations in the same local campaign area unless the appropriate local employee committee has determined that each organization delivers services in different geographical areas within the local campaign area;
 - (v) they list a charitable organization as an affiliate of more than one federation or fund certified as an eligible local charitable organization unless the appropriate local employee committee has determined that the charitable organization delivers services to separate and distinct populations in the local campaign area as part of its membership in the federations or funds;
 - (vi) they do not state that a local campaign manager or a statewide federation or fund may distribute quarterly a state employee's deductions;
 - (vii) they do not state that a local campaign manager or a statewide federation or fund is required to distribute a state employee's deductions based on the percentage method instead of matching deducted amounts received by the local campaign manager or statewide federation or fund to the employee's designations; or
 - (viii) they do not accurately describe the percentage method;
- (L) shall review and approve or disapprove the generic materials used by the state campaign manager and local campaign managers;
- (M) shall ensure that local campaign areas do not overlap;

(N) shall ensure that only one local campaign manager is responsible for solicitation of all state employees in the local campaign area for which the manager has responsibility;
(O) shall submit to the comptroller the name and boundaries of each local campaign area not later than the 30th day after the end of the annual application period;
(P) shall compile and submit to the comptroller not later than the 30th day after the end of the annual application period a list of the local campaign managers and the name, address, and telephone number of each manager's primary contact;
(Q) shall notify the comptroller immediately after a change occurs to the name or mailing address of a statewide federation or fund or local campaign manager;
(R) shall notify the comptroller immediately after a change occurs to the name, title, telephone number, or mailing address of the primary contact of a local campaign manager or a statewide federation or fund; and
(S) shall represent all statewide federations or funds and local campaign managers for the purposes of:

- (i) communicating with the comptroller, including receiving and responding to correspondence from the comptroller; and
- (ii) disseminating information, including information about the requirements of this section, to representatives of federations or funds, local employee committees, and local campaign managers.

(3) Appeals procedures. The procedures that the state policy committee adopts to review and resolve the appeal of an entity that was not accepted for statewide or local participation in the state employee charitable campaign must:

- (A) prohibit the consideration of information that the committee has considered previously;
- (B) provide sufficient time for a federation or fund to reapply for participation in that campaign; and
- (C) permit a federation or fund that was not accepted for statewide participation to apply for participation in a local campaign area during the campaign.

(4) Criteria for selection of a state campaign manager. The state policy committee shall consider the following criteria when evaluating the application of a federated community campaign organization or a charitable organization to act as the state campaign manager:

- (A) the number and diversity of voluntary health and human services agencies or affiliates that rely on the organization for financial support;
- (B) the capability of the organization to conduct employee campaigns, as demonstrated by records of the amount of funds raised during the organization's last completed annual public solicitation of funds;
- (C) the percent of solicited funds received by the organization during its last completed annual public solicitation of funds that were distributed to voluntary health and human services agencies;
- (D) the geographic area serviced by the organization; and
- (E) the organization's capability and expertise to provide effective campaign counsel and management as demonstrated by staff and equipment resources and examples of past campaign management.

(5) Comptroller's reliance on decisions made by the state policy committee. The comptroller is entitled to rely on the state policy committee's:

- (A) determination about the eligibility of a federation or fund and its affiliated agencies for statewide participation in the state employee charitable campaign;
- (B) disqualification of a federation or fund from statewide participation in the state employee charitable campaign; and
- (C) other decision unless the committee has no legal authority over the subject covered by the decision.

(o) Responsibilities of the state advisory committee. The state advisory committee shall fulfill its statutory responsibilities as set forth in the Government Code, Chapter 659, Subchapter H.

(p) Responsibilities of local employee committees.

(1) Statutory responsibilities. A local employee committee shall fulfill its statutory responsibilities as set forth in the Government Code, Chapter 659, Subchapter H.

(2) Additional responsibilities. In addition to its statutory responsibilities, a local employee committee:

(A) shall determine the eligibility of a local charitable organization for local participation in the state employee charitable campaign;

(B) may call upon and use outside expertise and resources available to the committee to assess the eligibility of a local charitable organization;

(C) shall disqualify a local charitable organization from local participation in the state employee charitable campaign if the committee determines that the organization intentionally filed an application that contains false or misleading information;

(D) shall select to act as the local campaign manager:

(i) a federated community campaign organization in accordance with the criteria listed in paragraph (3) of this subsection, if any federated community campaign organization has applied to be the manager; or

(ii) a charitable organization in accordance with the criteria listed in paragraph (3) of this subsection, if no federated community campaign organization has applied to be the manager;

(E) shall contract with the organization selected as the local campaign manager;

(F) shall consult with the local campaign manager before approving the local campaign plan, budget, and materials; and

(G) shall submit to the state policy committee upon contracting with the organization selected as the local campaign manager:

(i) the name of the local campaign area;

(ii) the name of the organization with which the local employee committee has contracted; and

(iii) the name, address, and telephone number of the primary contact of the local campaign manager.

(3) Criteria for selection of a local campaign manager. A local employee committee shall consider the following criteria when evaluating the application of a federated community campaign organization or a charitable organization to act as the local campaign manager:

(A) the number and diversity of voluntary health and human services agencies or affiliates that rely on the organization for financial support;

(B) the capability of the organization to conduct employee campaigns, as demonstrated by records of the amount of funds raised during the organization's last completed annual public solicitation of funds;

(C) the percent of solicited funds received by the organization during its last completed annual public solicitation of funds that were distributed to voluntary health and human services agencies;

(D) the geographic area serviced by the organization; and

(E) the organization's capability and expertise to provide effective campaign counsel and management as demonstrated by staff and equipment resources and examples of past campaign management.

(4) Comptroller's reliance on decisions made by a local employee committee. The comptroller is entitled to rely on a local employee committee's:

(A) determination about the eligibility of a local charitable organization for local participation in the state employee charitable campaign;

(B) disqualification of a local charitable organization from local participation in the state employee charitable campaign; and

(C) other decision unless the committee has no legal authority over the subject covered by the decision.

(q) Responsibilities of the state campaign manager.

(1) Statutory responsibilities. The state campaign manager shall fulfill the manager's statutory responsibilities as set forth in the Government Code, Chapter 659, Subchapter H.

(2) Additional responsibilities. In addition to the state campaign manager's statutory responsibilities, the manager shall:

- (A) develop the state employee charitable campaign plan in consultation with the state advisory committee;
- (B) serve as liaison to the state policy committee, the state advisory committee, the local campaign managers, and the local employee committees on behalf of statewide federations or funds and eligible local charitable organizations;
- (C) structure the state employee charitable campaign fairly and equitably according to the policies and procedures established by the state policy committee;
- (D) provide for involvement of all statewide federations or funds, including the use of their resources, at all levels of the state employee charitable campaign;
- (E) conduct the manager's responsibilities on behalf of the state employee participants in the state employee charitable campaign separately from the manager's internal operations;
- (F) prepare and submit for review by the state advisory committee a single statewide campaign budget that has been prepared in cooperation with local campaign managers and that includes campaign materials, staff time, and other expenses incurred for the state employee charitable campaign;
- (G) establish, after consulting with the state advisory committee, the state policy committee, and the local campaign managers, a uniform campaign reporting form to allow reporting of designated deductions, undesignated deductions, campaign expenses, and other information deemed necessary by the state campaign manager; and
- (H) submit a statewide campaign report that complies with paragraph (3) of this subsection.

(3) Statewide campaign reports. A statewide campaign report shall represent a compilation of the local campaign managers' campaign reports. The state campaign manager shall ensure that the state policy committee, the state advisory committee, and the comptroller receive the statewide campaign report not later than February 5th of the calendar year following the calendar year in which the campaign covered by the report ended. If February 5th is not a workday, then the first workday after February 5th is the deadline.

(r) Responsibilities of local campaign managers.

(1) Statutory responsibilities. A local campaign manager shall fulfill the manager's statutory responsibilities as set forth in the Government Code, Chapter 659, Subchapter H.

(2) Additional responsibilities. In addition to a local campaign manager's statutory responsibilities, the manager shall:

- (A) recruit, train, and supervise state employee volunteers;
- (B) involve participating eligible local charitable organizations and statewide federations or funds in the training of state employee volunteers;
- (C) consult with eligible local charitable organizations and statewide federations or funds about the operation of the state employee charitable campaign and the preparation of local campaign materials;
- (D) provide eligible local charitable organizations and statewide federations or funds with the opportunity to participate in local state employee charitable campaign events and access to all records for the local campaign area;
- (E) maintain campaign records for the local campaign area, including total pledges, total pledges by eligible local charitable organization and statewide federation or fund, state agencies contacted, and other records deemed necessary by the state policy committee for organization, control, and progress reporting;
- (F) submit to the state campaign manager a final campaign report of designated deductions, undesignated deductions, campaign expenses, and other information deemed necessary by the state campaign manager;
- (G) ensure that the state campaign manager receives the local campaign manager's final campaign report not later than January 15th of the calendar year following the calendar year in which the campaign covered by the report ended or, if January 15th is not a workday, not later than the first workday after January 15th;

- (H) establish an account at a financial institution for the purpose of receiving payments from the comptroller and institutions of higher education by electronic funds transfer, warrant, or check;
- (I) distribute interest accrued during a campaign year as soon as possible after December 31st to each eligible local charitable organization and statewide federation or fund in the same manner that undesignated deductions are distributed, subject to the limitation in paragraph (3) of this subsection;
- (J) submit a request to the comptroller to be paid by the comptroller through electronic funds transfers under rules adopted by the comptroller, but only to the extent those transfers are initiated by the comptroller on behalf of the comptroller or other state agencies;
- (K) submit a request to an institution of higher education to be paid by the institution through electronic funds transfers under rules or procedures adopted by the institution, but only to the extent those transfers are not initiated by the comptroller on behalf of the institution;
- (L) reconcile the payment report provided by the comptroller or an institution of higher education with the amount of deductions paid to the manager;
- (M) report to the comptroller or an institution of higher education, as appropriate, each discrepancy between a payment report provided by the comptroller or an institution and the actual amount of deductions received not later than the 30th day after the day on which the comptroller or the institution mailed or delivered the report;
- (N) report to each eligible local charitable organization and statewide federation or fund the amount of its undesignated and designated initial distribution amounts as determined under subsection (c)(1) of this section; and
- (O) report to each eligible local charitable organization and statewide federation or fund its contribution percentage as determined under subsection (j)(2) of this section.

(3) Limitation on distributions of accrued interest. A local campaign manager may not distribute accrued interest to:

- (A) an eligible local charitable organization that did not receive deducted amounts through the manager during the campaign year; or
- (B) a statewide federation or fund that did not receive deducted amounts through the manager during the campaign year, unless the only reason for not receiving the deducted amounts through the manager is the direct payment requirement of the second sentence of subsection (i)(1)(B) of this section.

(4) Prohibition against solicitation. A local campaign manager may not solicit a deduction from a state employee at the employee's worksite unless the solicitation is pursuant to the state employee charitable campaign.

(s) Responsibilities of statewide federations or funds.

(1) Reconciliation of payment reports. A statewide federation or fund shall reconcile the payment report provided by the comptroller or an institution of higher education with the amount of deductions paid to the federation or fund.

(2) Reports of discrepancies.

(A) A statewide federation or fund shall report to the comptroller or an institution of higher education, as appropriate, each discrepancy between a payment report provided by the comptroller or an institution and the actual amount of deductions received.

(B) A report of discrepancies is due not later than the 30th day after the day on which the comptroller or the institution of higher education mailed or delivered the report.

(3) Prohibition against solicitation. A statewide federation or fund may not solicit a deduction from a state employee at the employee's worksite unless the solicitation is pursuant to the state employee charitable campaign.

(t) Prohibition against certain solicitation by eligible local charitable organizations. An eligible local charitable organization may not solicit a deduction from a state employee at the employee's worksite unless the solicitation is pursuant to the state employee charitable campaign.

- (u) Acceptance of authorization forms by state agencies.
 - (1) Prohibition against accepting certain authorization forms. A state agency may accept an authorization form only if it complies with the comptroller's requirements.
 - (2) Reviewing authorization forms. An authorization form submitted by a state employee to a state agency must be reviewed by the agency's campaign coordinator to ensure that the form has been completed properly.
 - (3) Acceptance of altered authorization forms. A state agency is not required to accept an authorization form that contains an obvious alteration without the appropriate state employee's written consent to the alteration.

- (v) Payment reports.
 - (1) Monthly submission of payment reports.
 - (A) An institution of higher education shall submit a payment report each month to each local campaign manager or statewide federation or fund that has received during the month deducted amounts from the institution's state employees.
 - (B) The comptroller shall submit a payment report each month to each local campaign manager or statewide federation or fund that has received during the month deducted amounts through the comptroller's electronic funds transfer system.
 - (2) Information included in payment reports.
 - (A) An institution of higher education's payment report must include the amount and date of each check written to or electronic funds transfer made to a local campaign manager or a statewide federation or fund by the institution.
 - (B) The comptroller's payment report must include the amount and date of each electronic funds transfer made to a local campaign manager or statewide federation or fund by the comptroller.
 - (3) Format of payment reports. An institution of higher education's payment report must be in the format prescribed by the comptroller.
 - (4) Deadline for submission of payment reports.
 - (A) Except as otherwise provided in this subparagraph, an institution of higher education shall mail or deliver a payment report not later than the tenth workday of the month in which the institution paid the deducted amounts covered by the report. For deductions from salary or wages paid by an institution of higher education after the tenth workday of a month, the institution may include the deductions in the institution's payment report for the following month.
 - (B) Except as otherwise provided in this subparagraph, the comptroller shall mail or deliver a payment report not later than the fifth workday of the month in which the comptroller paid the deducted amounts covered by the report. For deductions from salary or wages paid by the comptroller after the first workday of a month, the comptroller may include the deductions in the comptroller's payment report for the following month.

- (w) Complaints by state employees about coercive activity.
 - (1) Definition.
 - (A) In this section, "coercive activity" includes:
 - (i) a state agency or its representative pressuring a state employee to participate in a state employee charitable campaign;
 - (ii) a state agency or its representative inquiring about:
 - (I) whether a state employee has chosen to participate in a state employee charitable campaign; or
 - (II) the amount of a state employee's deduction except as necessary to administer the deduction;
 - (iii) a state agency or its representative establishing a goal for 100% of the agency's state employees to authorize a deduction;
 - (iv) a state agency or its representative establishing a dollar contribution goal or quota for a state employee;
 - (v) a state agency, a statewide federation or fund, a local campaign manager, or a representative of the preceding developing or using a list of state employees

who did not complete an authorization form during a state employee charitable campaign;

(vi) a state agency, a statewide federation or fund, a local campaign manager, or a representative of the preceding using or providing to others a list of state employees who completed authorizations forms during a state employee charitable campaign, unless the purpose of the list is to make a deduction or transmit deducted amounts to a local campaign manager or a statewide federation or fund; and

(vii) a state agency or its representative using as a factor in a performance appraisal the results of a state employee charitable campaign in a particular section, division, or other level of the agency.

(B) Notwithstanding subparagraph (A) of this paragraph, "coercive activity" does not include:

(i) the head of a state agency's participation in the customary activities associated with a state employee charitable campaign; or

(ii) the head of a state agency's demonstration of support for the campaign in newsletters or other routine communications with state employees.

(2) Submission of complaints to the comptroller. A state employee may submit a written complaint to the comptroller when the employee believes that coercive activity has occurred in a state employee charitable campaign.

(3) Investigation by the comptroller of complaints.

(A) The comptroller shall investigate a state employee's written complaint about coercive activity. The comptroller shall mail or deliver a description of the comptroller's findings about the complaint to the employee not later than the 30th day after the comptroller receives the complaint.

(B) If the comptroller finds that coercive activity has occurred, then the comptroller shall mail or deliver notice of the finding to the state policy committee not later than the 30th day after the comptroller makes the finding.

(4) Action by the state policy committee.

(A) If the state policy committee receives written notification that the comptroller has found that coercive activity has occurred, then the committee shall take appropriate action. Actions that the state policy committee may take include suspension of the person or entity that engaged in the coercive activity from participation in the state employee charitable campaign for one campaign year.

(B) A person or entity that has been suspended from the state employee charitable campaign for a campaign year may apply to the state policy committee for participation in the campaign for the next campaign year.

(x) Public junior colleges and their employees.

(1) Classification as institutions of higher education and state employees. For the purposes of this section, a public junior college is considered to be an institution of higher education and the college's employees are considered to be state employees unless the college's governing board affirmatively decides for the college not to participate in the state employee charitable contribution program.

(2) Decisions not to participate in the state employee charitable contribution program.

(A) The decision of a public junior college's governing board for the college not to participate in the state employee charitable contribution program is effective for only one fiscal year.

(B) To be valid, the decision of a public junior college's governing board for the college not to participate in the state employee charitable contribution program for a fiscal year must be made not earlier than September 1 and not later than April 1 of the preceding fiscal year.

(C) A public junior college's governing board shall ensure that the state campaign manager receives written notice of the board's decision for the college not to participate in the state employee charitable contribution program. The board's failure to comply with this requirement does not, however, invalidate that decision.

- (3) Charitable deductions outside the state employee charitable contribution program.
- (A) This paragraph applies to a public junior college only if the college's governing board has decided for the college not to participate in the state employee charitable contribution program.
 - (B) The governing board of a public junior college may allow the college's employees to authorize deductions from their salaries or wages for charitable contributions. The deductions must be voluntary.
 - (C) The deductions must be made in accordance with any policies adopted by the board. Except for this paragraph, this section does not apply to those deductions.

Source Note: The provisions of this §5.48 adopted to be effective June 15, 1994, 19 TexReg 4253; amended to be effective February 15, 1999, 24 TexReg 978